

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 OMB-01 AGRE-00 /049 W

----- 072745

R 091720Z DEC 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 9471

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY ATHENS

AMEMBASSY ANKARA

AMEMBASSY MADRID

C O N F I D E N T I A L LISBON 8489

E.O. 11652: GDS

TAGS: PINT, EC, PO

SUBJ: PORTUGAL AND THE EC

REF: (A) LISBON 7805, (B) LISBON 8229

SUMMARY: GOP AND SOCIALIST PARTY OFFICIALS AFFIRMED PORTUGUESE INTENTION TO SEEK FULL EC MEMBERSHIP AS SOON AS POSSIBLE. THE GOP SEEKS EC ENTRY AS A BOOST TO POLITICAL STABILITY AND TO ECONOMIC CONFIDENCE. THE PORTUGUESE FAVOR A LONG POST-ENTRY TRANSITION PERIOD. THEY OPPOSE LINKAGE OF PORTUGUESE AND SPANISH EC APPLICATIONS. END SUMMARY.

1. THE POLITICAL CASE FOR PORTUGUESE ENTRY: DEPT OFFICER ROBERT HOMME (EUR/RPE) AND EMBOFF MET DEC 2 AND 3
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WITH POLITICAL PARTY AND GOP OFFICIALS REGARDING PORTUGAL'S PROSPECTIVE ENTRY INTO THE EC. FONMIN SPOKESMAN DUARTE COSTA, A PS INSIDER, AND PS INTERNATIONAL SECRETARY RUI MATEUS PRESENTED THE POLITICAL RATIONALE FOR

RAPID EC ENTRY. COSTA SAID THAT EC ENTRY WOULD MAKE IT DIFFICULT FOR THE COMMUNISTS OR THE FAR RIGHT TO OVERTURN PORTUGAL'S DEMOCRACY. COSTA AND MATEUS SAID PORTUGAL INTENDED TO PRESS FOR FULL EC MEMBERSHIP. COSTA CONFIRMED TIMETABLE DESCRIBED REF A: SOARES WILL MAKE HIS SWING OF EC CAPITALS IN FEBRUARY, PORTUGAL WILL PRESENT APPLICATION IN LATE SPRING FOR EC CONSIDERATION IN SEPTEMBER, NEGOTIATIONS WOULD BEGIN IN EARLY 1978 WITH ENTRY BY 1980. COSTA SAID THE GOP HAD OFFICIALLY SOUNDED OUT ALL EC MEMBERS EXCEPT ITALY, LUXEMBOURG, AND IRELAND. HE SAID THE FRENCH OPPOSED FOR ECONOMIC REASONS, BUT THE GERMANS AND DUTCH FAVORED PORTUGUESE ENTRY. MATEUS SAID DENMARK AND ITALY HAD SOME DIFFICULTIES WITH PORTUGUESE ENTRY AND FRANCE OPPOSED PORTUGUESE ENTRY BECAUSE IT FEARED THE IMPACT OF SUBSEQUENT SPANISH ENTRY. MATEUS SAID THE GOP WOULD APPLY FOR EC ENTRY, EVEN IF IT RECEIVED NEGATIVE SOUNDINGS, IN ORDER TO PRESSURE EC MEMBERS TO DECIDE IN PORTUGAL'S FAVOR FOR POLITICAL REASONS. MATEUS AND COSTA ARGUED THAT PORTUGAL WAS TOO SMALL TO HAVE A SIGNIFICANT ECONOMIC IMPACT ON EC AND REJECTED LINKAGE OF PORTUGUESE AND SPANISH APPLICATIONS. COSTA CONFIRMED THAT THE GOP HAD TURNED DOWN REQUEST OF SPANISH PREMIER SUAREZ FOR PORTUGUESE SUPPORT FOR SPANISH EC ENTRY (REF B). COSTA AND MATEUS SAID PORTUGUESE ACCESSION SHOULD BE FOLLOWED BY A LONG POST-ENTRY TRANSITION PERIOD THEY REJECTED A PRE-ENTRY TRANSITION PERIOD AS NOT SERVING THE GOP'S POLITICAL NEEDS.

2. ECONOMIC AND POLITICAL BENEFITS: RAQUEL FERREIRA OF INTERMINISTERIAL COMMITTEE ON EUROPEAN INTEGRATION SAID EC MEMBERSHIP WOULD INCREASE ECONOMIC CONFIDENCE AND CONTRIBUTE TO POLITICAL STABILITY. SHE ACKNOWLEDGED SOME OBJECTIONS WITHIN EC TO PORTUGUESE MEMBERSHIP, BUT REJECTED ASSOCIATION OR ANOTHER FORM OF ACCESSION AS BEING UNTRIED AND OVERLY CONFIDENTIAL

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COMPLICATED. FERREIRA SAID THAT PORTUGAL HAD TAKEN SOME TRANSITIONAL STEPS TOWARD EC ENTRY IN PAST SEVERAL YEARS AND WOULD TAKE MORE DURING NEGOTIATION PERIOD. SHE SAID THAT THE ECONOMIC COSTS AND BENEFITS TO PORTUGAL OF EC ENTRY WERE BEING LOOKED AT IN A PRELIMINARY FASHION. PORTUGAL'S ECONOMIC DIFFICULTIES ARE CONJUNCTURAL, NOT STRUCTURAL. MOREOVER, PORTUGAL WOULD HAVE LITTLE IMPACT UPON THE EC. FERREIRA REJECTED COMPARISON WITH SPAIN DUE TO THE GREATER PROBLEMS OF ECONOMIC COMPETITION PRESENTED BY SPANISH ENTRY.

3. FOREIGN MINISTRY VIEW: ALEXANDRE LENCASTRE

DE VEIGA, DEPUTY DIRECTOR-GENERAL FOR MULTILATERAL ECONOMIC AFFAIRS IN FOREIGN MINISTRY, SAID ECONOMIC CONSIDERATIONS OF EC MEMBERSHIP HAVE NOT BEEN ANALYZED TO DATE BY THE GOP; POLITICAL FACTORS ALONE LED TO THE GOVERNMENT'S DECISION TO SEEK MEMBERSHIP. THE ECONOMIC ANALYSIS, HE SAID, WOULD BE MADE BY AN INTERMINISTERIAL COMMISSION ESTABLISHED IN A DEC 7 CABINET DECREE. PS DEPUTY AND LEADING ECONOMIST, VITOR CONSTANCIO, WILL HEAD COMMITTEE, WHICH WILL OPERATE UNDER THE PRIME MINISTER'S OFFICE. VEIGA EXPECTED THE APPLICATION FOR EC MEMBERSHIP TO BE SUBMITTED BY APRIL 1977, AND HOPED TO HAVE A POSITIVE RESPONSE BY JAN 1978. NEGOTIATIONS AND ACTUAL ENTRY WOULD THEN BE IN THREE TO SIX YEARS, THE NORMAL TIME PERIOD FOR ENTRY. VEIGA ACCEPTED THE FACT THAT THERE WOULD PROBABLY BE CONDITIONS ATTACHED TO THE PORTUGUESE ENTRY; THE UK, FOR EXAMPLE, WAS STILL OPERATING UNDER VARIOUS CONDITIONS. IN CLOSING, VIEGA SAID THAT TO HIS KNOWLEDGE, THERE HAS BEEN NO ATTEMPT BY PORTUGAL AND SPAIN TO COORDINATE A STRATEGY FOR ENTRY INTO THE EC AND THAT SPAIN HAD NOT ASKED PORTUGAL FOR SUCH COORDINATION. PRIME MINISTERS SOARES AND SUAREZ HAD PROBABLY DISCUSSED THE SUBJECT DURING THE LATTER'S VISIT TO LISBON, HE ADMITTED, BUT ONLY IN BROAD GENERALITIES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 16 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEMBERSHIP, POLITICAL STABILITY, REGIONAL ORGANIZATIONS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 09 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LISBON08489
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: TEXT ON MICROFILM ONLY
Executive Order: 11652 GDS
Errors: n/a
Film Number: D760456-0484
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761293/baaaesol.tel
Line Count: 142
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 06 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 APR 2004 by ShawDG>; APPROVED <06 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PORTUGAL AND THE EC
TAGS: PINT, PO, EEC
To: STATE INFO BONN
BRUSSELS
EC BRUSSELS
COPENHAGEN
DUBLIN
LONDON

LUXEMBOURG

PARIS

ROME

THE HAGUE

ATHENS

ANKARA

MADRID

Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006